
By: **Delegates Healey, Gordon, Hixson, Kaiser, and Ross**
Introduced and read first time: February 19, 2004
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax and Sales and Use Tax Reform**

3 FOR the purpose of altering the standard deduction for Maryland income tax
4 purposes; altering the rate of the sales and use tax; providing for the application
5 of a certain section of this Act; and generally relating to altering the Maryland
6 income tax standard deduction and the sales and use tax rate.

7 BY repealing and reenacting, with amendments,
8 Article - Tax - General
9 Section 10-217(c) and 11-104(a) and (b)
10 Annotated Code of Maryland
11 (1997 Replacement Volume and 2003 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Tax - General**

15 10-217.

16 (c) (1) For an individual other than one described in paragraphs (2) and (3)
17 of this subsection, the standard deduction[:

18 (i) may not be less than \$1,500; and

19 (ii) may not exceed \$2,000] IS \$4,750.

20 (2) For an individual described in § 2 of the Internal Revenue Code as a
21 head of household or as a surviving spouse, the standard deduction[:

22 (i) may not be less than \$3,000; and

23 (ii) may not exceed \$4,000] IS \$7,000.

24 (3) For spouses on a joint return, the standard deduction[:

1 (i) may not be less than \$3,000; and

2 (ii) may not exceed \$4,000] IS \$9,500.

3 11-104.

4 (a) Except as otherwise provided in this section, the sales and use tax rate is:

5 (1) for a taxable price of less than \$1:

6 (i) 1 cent if the taxable price is 20 cents; [and]

7 (ii) [1 cent for each additional 20 cents or part of 20 cents] 2 CENTS

8 IF THE TAXABLE PRICE IS AT LEAST 21 CENTS BUT LESS THAN 34 CENTS; [and]

9 (III) 3 CENTS IF THE TAXABLE PRICE IS AT LEAST 34 CENTS BUT
10 LESS THAN 51 CENTS;

11 (IV) 4 CENTS IF THE TAXABLE PRICE IS AT LEAST 51 CENTS BUT
12 LESS THAN 67 CENTS;

13 (V) 5 CENTS IF THE TAXABLE PRICE IS AT LEAST 67 CENTS BUT
14 LESS THAN 84 CENTS; AND

15 (VI) 6 CENTS IF THE TAXABLE PRICE IS AT LEAST 84 CENTS; AND

16 (2) for a taxable price of \$1 or more:

17 (i) [5] 6 cents for each exact dollar; and

18 (ii) [1 cent for each 20 cents or part of 20 cents] FOR THAT PART OF
19 A DOLLAR in excess of an exact dollar:

20 1. 1 CENT IF THE EXCESS OVER AN EXACT DOLLAR IS AT
21 LEAST 1 CENT BUT LESS THAN 17 CENTS;

22 2. 2 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT
23 LEAST 17 CENTS BUT LESS THAN 34 CENTS;

24 3. 3 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT
25 LEAST 34 CENTS BUT LESS THAN 51 CENTS;

26 4. 4 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT
27 LEAST 51 CENTS BUT LESS THAN 67 CENTS;

28 5. 5 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT
29 LEAST 67 CENTS BUT LESS THAN 84 CENTS; AND

30 6. 6 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT
31 LEAST 84 CENTS.

1 (b) If a retail sale of tangible personal property or a taxable service is made
2 through a vending or other self-service machine, the sales and use tax rate is [5%]
3 6%, applied to 95.25% of the gross receipts from the vending machine sales.

4 SECTION 2. AND BE IT FURTHER ENACTED, That the changes to §
5 10-217(c) of the Tax - General Article under this Act shall be applicable to all taxable
6 years beginning after December 31, 2003.

7 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2004.